

## C-PACE SUCCESS STORY: **NEW CONSTRUCTION**

# How One Developer Lowered Its Equity Contribution

...and built a more valuable building in the process

*Building an efficient building is a smart move. But building at or above IECC 2015 can mean the difference between a good building and a hefty owner equity contribution, or a great building and a drastically reduced equity contribution.*

### THE CHALLENGE

**Great project. Not enough capital.** The developer of a multifamily project in Denver was looking for ways to reduce its owner equity contribution.

### THE SOLUTION

The developer turned to an innovative new government-sponsored program called **C-PACE**. Commercial property assessed clean energy, or C-PACE, provides affordable, long-term, non-recourse financing—up to 20 percent of the total eligible construction cost—for energy efficiency, water efficiency, and renewable energy measures. The money can be used to reduce the equity contribution or other forms of high-cost capital.

### THE OUTCOME

The developer enjoyed a significant financial boost—and a better-performing building. By tapping into the Colorado C-PACE program, it received \$2.6 million in non-recourse financing to build a more efficient building than originally planned. What's more, the developer was able to drastically reduce its owner-equity contribution—and got a more valuable building in the process. The measures financed with C-PACE included:

- High-efficiency LED lighting and controls
- Enhanced roof and wall insulation
- Enhanced window glazing
- High-efficiency condensing boilers
- High-efficiency HVAC system with controls
- Solar PV

The resulting building will be:

- ✓ More efficient
- ✓ Less costly to operate
- ✓ More attractive to tenants
- ✓ More valuable



*The developers of this 89,000-square-foot complex optimized the building's original design to qualify for C-PACE. As a result, they were able to drastically reduce their owner-equity contribution.*

### THE NUMBERS

Savings over energy code:

**>40%**

Eligible construction budget cost:

**\$13 million**

Eligible C-PACE financing amount:

**\$2.6 million**

## WHAT IS C-PACE FOR NEW CONSTRUCTION?

C-PACE is a government-sponsored program that helps developers finance the integration of energy efficiency, water efficiency, and renewable energy measures into new construction projects. Colorado is one of the first states to authorize C-PACE for new construction—and it's a smart move. For developers planning new buildings, C-PACE provides a major financial incentive to design buildings above current energy code, which leads to significant cost savings and better-performing, more valuable buildings.

## HOW DOES IT WORK?

Real estate developers who design their buildings to meet IECC 2015 can access Colorado C-PACE financing for up to 15 percent of the total eligible construction cost. Exceed IECC by 5 percent or more and you can access C-PACE financing for up to 20 percent of the total eligible construction cost!

*(Eligible construction costs include core building costs, and typically exclude land acquisition, legal fees, paving, etc.)*

## C-PACE BENEFITS FOR DEVELOPERS

- Reduce your owner equity contribution and/or high-cost capital
- Finance 15-20% of the total eligible construction cost
- Reduce your out-of-pocket project expense with no impact on your working capital or credit
- Include more than the cost of the performance improvements
- Reduce your long-term operational costs
- Tap into a practical, economically attractive solution to sustainability

## WHY BUILD SUSTAINABLE BUILDINGS?

### Economic benefits

- Reduce operating costs
- Qualify for utility incentives
- Attract and retain tenants
- Maximize lease rates

### Environmental & social benefits

- Improve environmental performance and sustainability
- Enhance occupant comfort and health

### Integrated design process

- Consider all design variables together for a higher-performing building

## HOW DO I GET STARTED?

Contact the Colorado C-PACE program director, Tracy Phillips, at **720.933.8143** or **TPhillips@copace.com** today to learn how you can use C-PACE to maximize the economic and environmental impact of your next development project.

